



Date: January 13, 2006

Dear Member of Congress:

Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999 established the Small Business Administration Advisory Committee on Veterans Business Affairs to serve as an independent source of advice and policy recommendations to the Administrator of the Small Business Administration (SBA), the Associate Administrator for Veterans Business Development, the Congress, the President and other US Policy Makers.

Section 203 (h) of PL 106-50, instructed that: “The Committee shall terminate its business on September 30, 2004.” Accordingly, this Committee was terminated by law on September 30, 2004.

Effective on December 8, 2004, section 143(b) of the Small Business Reauthorization and Manufacturing Assistance Act of 2004 amended section 203(h) of PL 106-50 by striking the Committees Termination Date, “September 30, 2004,” and inserting “September 30, 2006.”

Section 143 required the SBA to charter this new committee in accordance with applicable law and policy and proceed with the appointment process using the SBA’s standard operating procedures to select members to serve on it.

Accordingly, on March 15, 2005, , the SBA Advisory Committee on Veterans Business Affairs was chartered through September 30, 2006.

Following the SBA’s provision of proper notice of this charter to Congress, the SBA proceeded in accordance with applicable law and policy and began to proceed with the appointment process using the SBA’s standard operating procedures to select members to serve on it.

On September 15, 2005, SBA hosted the Committee’s first meeting. At that meeting, in addition to initial administrative details being addressed, the Committee chose its Chairman, Vice-Chairman and Secretary. The Committee also established sub-committees and determined a broad agenda, including setting tentative dates for future meetings in FY 2006.

The attached document is the Advisory Committees FY 2005 Report for Congress and the President in accordance with Section 203(g) of PL 106-50.

Sincerely,

Dennis D. DeMolet, Chairman,

Thomas Bednarczyk, Vice Chairman

**ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS  
FISCAL YEAR 2005**

**TO**

**THE PRESIDENT AND CONGRESS OF THE UNITED STATES**

**SUBJECT**

**THE ACTIVITIES OF THE COMMITTEE AND RECOMMENDATIONS FOR  
THE PROMOTION OF SMALL BUSINESS CONCERNS OWNED AND  
CONTROLLED BY VETERANS**

**AS REQUIRED BY  
THE VETERANS ENTREPRENEURSHIP AND SMALL BUSINESS  
DEVELOPMENT ACT OF 1999 [PUBLIC LAW 106-50]**

**SUBMITTED THIS-DAY OF JANUARY 13, 2006**

**By Members of  
The ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS of the  
U.S. Small Business Administration**

## **EXECUTIVE SUMMARY AND REPORT**

The Advisory Committee on Veterans Business Affairs (Committee) submits this annual report pursuant to the Veterans Entrepreneurship and Small Business Act of 1999 (Public Law 106-50). Section 203 of the Act directs the Committee to transmit a report to the Congress and to the President on the activities of the Committee and any recommendations developed by the Committee for the promotion of small business concerns owned and controlled by veterans. This report contains detailed information relating to the activities of the Committee, and its recommendations for the promotion of small business concerns owned and controlled by veterans.

On September 30, 2004, by operation of section 203(h) of the Veterans Entrepreneurship Act and in accordance with section 14 of FACA which requires non-discretionary advisory committees to terminate on the date provided by statute, the previous Committee terminated by operation of law.

On December 8, 2004 section 143 of the Small Business Reauthorization and Manufacturing Act of 2004, (Public Law 108-447, Division K) reauthorized the Committee by amending the Small Business Act. As a result, SBA took steps to charter a new Committee under the authority of Section 203 of the Veterans Entrepreneurship Act, and filed it with the Senate and House Small Business Committees, GSA, and the SBA Administrator. SBA also had to appoint members to serve on this new Committee in accordance with its Standard Operating Procedures.

Following appointment by the Administrator of SBA of enough Committee members to conduct business, the SBA Office of Veterans Business Development facilitated and hosted the first meeting of the Committee at SBA Headquarters on September 15, 2005. Following initial discussion between newly appointed Committee members with the SBA Acting Deputy Administrator, the SBA Deputy Chief of Staff, the SBA Associate Administrator for Veterans Business Development, and the SBA General Counsel, the Committee reviewed the history and accomplishments of the previous Committee, and began developing plans for the mission, goals and outcomes for the Committee.

Following a presentation to the Committee by the SBA Assistant Administrator of the Office of Federal Contract Assistance for Veteran Business Owners, that was created to carry out the SBA responsibilities contained in the Presidents Executive Order 13360, the Committee selected the Committee Chairman, Vice Chairman, and Secretary, entertained public comments, discussed this annual report, established an aggressive agenda for FY 2006, and established three Sub Committees. The three Sub Committees established are

- 1] Procurement Committee, including training and education;
- 2] Finance Committee, including access to capital, certification and bonding; and,
- 3] Issues related to reserve component members who are or aspire to small business ownership and self employment.

4] A fourth Committee was created to be responsible for developing the Committee Report(s), and for Validation of the Committee.

Given the necessity for (re) chartering the Committee, identifying and naming Committee members in FY 2005, time precluded the Committee from developing specific recommendations for Congress and the President.

However, the Committee noted the previous actions of the SBA in expeditiously implementing PL 108-183 (The Veterans Benefits Act of 2003), including issuing Interim Final Rules in record time, establishing and enabling the Service Disabled Veteran Owned Small Business Set Aside and Sole Source Authorities to take affect, coupled with SBA's implementation of Presidential Executive Order 13360, including the establishment of the new position of Assistant Administrator for the Office of Federal Contract Assistance for Veterans Business Owners. The SBA has demonstrated exemplary effort in implementing its new statutory authority. The Committee also commended the SBA for requesting, and commends Congress for providing SBA the authority to include Reserve and National Guard members in the SBA definition of veteran for purposes of eligibility for SBA programs. This has already led to changes being made to SBA data collection forms, designed to better capture reservist's status.

Additional areas of significant interest expressed by the Committee for review and action in FY 2006 include:

- Adequate staffing and funding of the SBA Offices of Veterans Business Development and Office of Federal Contract Assistance for Veteran Business Owners;
- The reported inadequacy of SBA Surety Bonding levels necessary to support SDVOB success in the federal marketplace;
- Special access to capital for veterans, service-disabled veterans and self employed members of Reserve Components of the U.S. Military;
- Improved SBA transition assistance for discharged members of the U.S. Military in their transition to civilian status;
- Exploration of changes to the GI Bill of Education to enable the use of benefits for the establishment and operation of small business concerns;
- Exploration of conducting research to determine the material effect of military service on successful small business ownership, for service-disabled veterans, for veterans, and for Reserve Component members of the US military; and,
- The extension and permanent establishment of the SBA Advisory Committee on Veterans Business Affairs.